RAJYA SABHA

Tuesday, the 6th May, 2003/16 *Vaisakha,* 1925 *(Saka)*

The House met at eleven of the clock,

MR. CHAIRMAN in the Chair.

ORAL ANSWERS TO QUESTIONS

*621. [The questioner (S. Agniraj) was absent. For answer *vide* page 35 infra]

*622. [The questioners (Shri K. Rama Mohan Rao and Shri Rama Muni Reddy Sirigireddy) were absent. For answer *vide* page 36-37 *infra.*]

Losses due to implementation of VAT

*623. SHRI GAYA SINGH :†
SHRI V V RAGHAVAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the revenue losses suffered by States following the implementation of Value Added Tax (VAT) would be compensated by the Central Government; and

(b) if so, the details of the losses estimated to be incurred by each State/UT
1. the amount compensated by the Central Government ?

THE MINISTER OF FINANCE (SHRI JASWANT SINGH): (a) and(b) A tement is placed on the Table of the House.

Statement

(a) and (b) Keeping in view the request of the States, the Government of India has agreed to compensate the revenue loss, if any, upon introduction of Value Added Tax (VAT) by the States and Union Territories at the rate of 100 per cent in the first year (2003-04), 75 per cent in the second year (2004-05) and 50 per cent in the third year (2005-06). Assessment of loss, if any, on account of introduction of VAT is possible only after its actual implementation by individual States/Union Territories.

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†The question was actually asked on the floor of the House by Shri Gaya Singh.

श्री गया सिंह : सभापति महोदय, माननीय मंत्री जी ने सवाल के जवाब में बताया है कि राज्यों के कर में जो कमी आएगी, उसके लिए पहले साल में उनको 100 परसेंट की क्षतिपूर्ति करेंगे, लकिन दूसरे साल में 75 परसेंट और तीसरे साल में 50 परसेंट की क्षतिपूर्ति करेंगे । मै आप के माध्यम से माननीय मंत्री जी से जानना चाहत हूं कि आपके इस फ़ॉर्मूले के आद्यार पर अभी तक कितने राज्य सहमत हुए है क्यों कि यह अप्रैल महीने से लागू होना था ? महोदय,यह अभी तक क्लिअर नहीं है कि इसको लागू करने के लिए कितने राज्य सहमत हुए है और जो बाकी है उनकी क्या शर्त है ?

श्री जसवंत सिंह : सभापति जी, पहले भी यह सूचना दी जा चुकी है और माननीय सदस्यों को मालूम है कि अभी वित विधेयक पर बहस चल रही है ,उसमें अभी यह प्रश्न उठ सकता है ।महेदय, अभी तक 16 राज्यों ने स्वीकृति दी है कि हम इसे लागू करना चाहते है और उन 16 में से यह कानून अभी 8 ही की स्टेट एसेम्बलीज ने पारित किया है। इस तरह अभी तक 32 में से 8 स्टेट्स के लेजिस्लेशन मिले है ।यह जानकारी मैं पहले दे चुका हूं ।

श्री गया सिंह : सभापति जी, अभी यह चर्चा है चूंकि चुनाव आने वाला है , इसलिए चुनाव के डर से न तो केन्द्र सरकार बहुत जोर लगा रही है और न राज्य सरकारें लगा रही हैं । क्या यह सच है ?

श्री जसवंत सिहं : सभापति जी , चुनावों में तो हर कोई जोर लगाता है , पर आजकल परिस्थिति ऎसी बनी हुई है कि बिरला ही साल होता है जिसमें चुनाव न हो । महोदय, अब यह "वैट" से जुड़ा सवाल नहीं है , यह तो जोर आजमाने का प्रश्न है ।
श्री सभापति **:** राज्य सभा के सदस्य जोर नहीं लगाते ।

SHRI SANTOSH BAGRODIA : The hon. Minister has mentioned about this 100 per cent, 75 per cent and 50 per cent reimbursement, but in the last sentence he says, "assessment of loss, if any, on account of introduction of VAT is possible only after it is actually implemented." Now, what is the basis on which this 100 per cent, 75 per cent and 50 per cent has been calculated, when they do not know what is the assessment of loss ? This is a very vague assessment or there is no assessment at all. This is a vague decision. And the second point, Sir, is this. Why such losses should be incurred by the States at all ? If it is a new system, States should still continue to make the same.

SHRI JASWANT SINGH : The hon. Member suggests that this is a vague statement. I think it is very specific. It is 100 per cent, 75 per cent and 50 per cent, in the first, second and the third year respectively.

How has it been fixed or arrived at ? In consultation with the States. How will the loss be assessed ? The loss cannot be assessed, unless it is actually incurred. It is assumed, it is apprehended that there will be a loss in transferring from one system to another; that is why, as a surety and a security, the Centre stood in to say, "Till you settle down, in the first year we will meet the loss fully; thereafter, a little less and little less". It is a perfectly valid system. There is no ambiguity in it.

SHRI EKANATH K. THAKUR : Sir, the VAT will be the most important tax reform. I would like to ask the hon. Minister through you, Sir, to what extent has there been a progress in bringing about uniformity in the legislation, because one of the reasons why the VAT is being opposed, is because of some of the draconian provisions in laws that are being proposed by States even like Maharashtra. They tend to introduce *Inspector Raj* and such other things. So, is there some progress ? I would also like to know whether the Consultative Committee had also raised this issue at its last hearing before the Empowered Committee of the State Finance Ministers on this matter in particular.

SHRI JASWANT SINGH : Sir, this too has been answered at quite a considerable length. The Union Government circulated a model legislation in this regard, which was as a guide to the various States, because, essentially, this is a State subject, and it is a State law. What some of the States did was to wholesale lift their Sales Tax laws along with the penal provision and transfer them to the proposed VAT law. What we need as a uniformity across the country is in regard to not only the revenue-neutral rate of twelve and-a-half per cent,' but also what are the items under that revenue-neutral rate of twelve and-a-half per cent, what is the commodity classification, what are the various exemptions, etc. Of course, the States are free to have differentials of penal provision they wish to adopt. But it is necessary that, by and large, across the country, the penal provisions are more or less the same and, that the apprehensions that -have been created in the minds of the various segments of industry, trade, etc. are also put to rest. These are some aspects of it.

Income tax paid by cricketers

*624. SHRI SUKHDEV SINGH LIBRA:

DR. ABRAR AHMED : †

Will the Minister of FINANCE be pleased to state:

(a) whether a large number of Indian circketers are getting huge amounts not only by ways of remuneration for playing but also through advertisement and through other ways; and

†The question was actually asked on the floor of the House by Dr. Abrar Ahmed.